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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1992

L3Q

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission File Number 0-14380

American Health Services Corp.
(Exact name of Registrant as specified in its charter)

Delaware	52-1278857
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4440 Von Karman, Suite 320, Newport Beach, CA	92660
(Address of principal executive offices)	(ZIP Code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Registrant's telephone number, including area code 714/476-0733

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and; (2) has been subject to such filing requirements for the past 90 days.

Yes X No _____

The number of shares outstanding of the Registrant's common stock as of April 30, 1992 was 9,780,232 shares of common stock, par value $0.03.

The number of pages in this Form 10-Q is 19.

American Health Services Corp. and Subsidiaries

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PART I -- FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

American Health Services Corp. and Subsidiaries
Consolidated Balance Sheets
March 31, 1992 and December 31, 1991

ASSETS

	March 31, 1992 (Unaudited)	December 31, 1991
Current assets		
Cash	$ 1,832,007	$ 3,637,465
Accounts receivable, net of allowance for doubtful accounts of $855,105 and $1,068,813 at March 31, 1992 and December 31, 1991, respectively, and an allowance for professional fees of $1,321,040 and $1,278,038 at March 31, 1992 and December 31, 1991, respectively	7,447,642	8,632,403
Prepaid expenses	2,096,100	1,611,740
Equipment deposits	1,507,518	1,172,263
Note receivable	448,889	360,700
Total current assets	13,332,156	15,414,571
Property and equipment, at cost, net of accumulated depreciation and amortization of $6,370,804 and $5,992,508 at March 31, 1992 and December 31, 1991, respectively	18,310,132	16,622,434
Other assets	4,069,734	3,585,236
	$35,712,022	$35,622,241

The accompanying notes are an integral part of these consolidated balance sheets.

American Health Services Corp. and Subsidiaries
Consolidated Balance Sheets
March 31, 1992 and December 31, 1991

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

	March 31, 1992 (Unaudited)	December 31, 1991
Current liabilities		
Accounts payable and accrued expenses	$ 2,002,313	$ 3,633,969
Accrued payroll and related costs	602,038	503,234
Professional fees payable	392,932	334,596
Center profit distributions payable	335,851	621,806
Current portion of capital lease obligations	292,834	295,886
Current portion of long-term debt	2,138,485	2,237,492
Current portion of deferred rent expense	377,488	328,707
Total current liabilities	6,141,941	7,955,690
Capital lease obligations	458,099	527,108
Deferred rent expense	381,087	391,036
Long-term debt	20,879,499	18,875,913
Minority interest	1,330,153	1,585,856

The accompanying notes are an integral part of these consolidated balance sheets.

American Health Services Corp. and Subsidiaries
Consolidated Balance Sheets
March 31, 1992 and December 31, 1991

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) (CONTINUED)

	March 31, 1992 (Unaudited)	December 31, 1991
Stockholders' equity		
10 percent non-cumulative convertible Series B preferred stock with a liquidation preference of $185 per share plus declared and unpaid dividends Authorized--5,000,000 shares Outstanding--37,837.83 shares stated at	$ 6,075,107	$ 6,075,107
Common stock, $.03 par value- Authorized--25,000,000 shares, Outstanding:		
9,770,232 at March 31, 1992. .		
9,718,232 at December 31, 1991 .	293,107	291,547
Common stock warrants	194,000	194,000
Additional paid-in capital	9,535,231	9,395,791
Accumulated deficit.	(9,363,332)	(9,463,458)
Less--Amounts due from stockholders	(212,870)	(206,349)
	6,521,243	6,286,638
	$35,712,022	$35,622,241

The accompanying notes are an integral part of these consolidated balance sheets.

American Health Services Corp. and Subsidiaries
Consolidated Statements of Operations

	Three Months Ended March 31, 1992 (Unaudited)	Three Months Ended March 31, 1991 (Unaudited)
Revenues:		
Imaging centers	$ 9,714,713	$10,215,114
Expenses:		
Imaging centers	8,060,452	8,668,806
Provision for center profit distributions	275,112	219,243
Income from center operations	1,379,149	1,327,065
Corporate operating expenses	790,247	749,517
Income from operations before interest	588,902	577,548
Interest income and other	86,657	69,556
Interest expense	(575,433)	(572,880)
Net income	$ 100,126	$ 74,224
Earnings (loss) per common share (Note 3)	$0.01	($0.01)

The accompanying notes are an integral part of these consolidated statements.

American Health Services Corp. and Subsidiaries
Consolidated Statements of Cash Flows

	Three Months Ended March 31, 1992 (Unaudited)	Three Months Ended March 31, 1991 (Unaudited)
Cash flows from operating activities:		
Net income	$ 100,126	$ 74,224
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization.	637,117	611,174
Deferred rent expense	38,832	(40,974)
Changes in operating assets and liabilities:		
Decrease in accounts receivable, net	1,184,761	700,309
(Increase)decrease in prepaid expenses and other	(484,360)	24,655
Increase in equipment deposits	(335,255)	(93,530)
Increase in other assets	(643,319)	(98,401)
Decrease in accounts payable and accrued expenses	(1,532,852)	(613,091)
Increase (decrease) in center profit distributions payable	(285,955)	115,040
Increase in professional fees payable	58,336	48,012
Total adjustments	(1,362,695)	653,194
Net cash provided by (used in) operating activities	(1,262,569)	727,418

The accompanying notes are an integral part of these consolidated statements.

American Health Services Corp. and Subsidiaries
Consolidated Statements of Cash Flows (continued)

	Three Months Ended March 31, 1992 (Unaudited)	Three Months Ended March 31, 1991 (Unaudited)
Cash flows from investing activities:		
Purchase of property and equipment	$(2,165,994)	$ (409,159)
Increase in notes receivable	(88,189)	-
Net cash used in investing activities	(2,254,183)	(409,159)
Cash flows from financing activities:		
Principal payments under long-term obligations	(613,699)	(389,448)
Increase in principal under long-term obligations	2,446,217	650,000
Decrease in minority interests	(255,703)	(40,697)
Increase in amounts due from stockholders	(6,521)	(7,850)
Proceeds from issuance of common stock	141,000	-
Net cash provided by financing activities	1,711,294	212,005
Net increase (decrease) in cash	(1,805,458)	530,264
Cash at beginning of period.	3,637,465	2,686,415
Cash at end of period	$1,832,007	$3,216,679

The accompanying notes are an integral part of these consolidated statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1992 (UNAUDITED)

NOTE 1 -- BASIS OF PREPARATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial statements and do not include all of the information and disclosures required for annual financial statements. These financial statements should be read in conjunction with the consolidated financial statements and related footnotes for the year ended December 31, 1991 included as part of the Company's Annual Report on Form 10-K (File No. 0-14380) filed with the Securities and Exchange Commission on March 30, 1992.

In the opinion of the Company's management, all adjustments (consisting of normal recurring accruals) necessary to present fairly the Company's financial position at March 31, 1992, the results of operations and changes in cash flows for the three month periods ended March 31, 1992 and 1991 have been included.

The results of operations of the three month period ended March 31, 1992 are not necessarily indicative of the results to be expected for the full fiscal year.

NOTE 2 -- CANADIAN ACCOUNTING PRINCIPLES

The accompanying financial statements and notes thereto have been prepared in accordance with generally accepted accounting principles applicable in the United States. The primary difference between these accounting principles and those applicable in Canada are as follows:

1. Currency Translation

   The accompanying financial statements are stated in United States dollars. Translation of the financial statements into Canadian dollars would be performed using the historical rate in effect on the dates transactions occurred. No translation gains or losses would result from the translation. The rates of exchange in effect at the end of each of the reporting periods and the average exchange rate for those periods are as follows:

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NOTE 2 -- CANADIAN ACCOUNTING PRINCIPLES (CONTINUED)

Exchange Rates
(Canadian Dollars per U.S. Dollar)

	March 31	Average for Three Months Ended March 31
1990	1.132	1.147
1991	1.158	1.156
1992	1.189	1.176

NOTE 3 -- EARNINGS (LOSS) PER SHARE

The number of shares used in computing earnings (loss) per common share is equal to the totals of the weighted average number of common and common equivalent shares outstanding during the period. Common stock equivalents relating to options and warrants have not been included in the computation of earnings (loss) per share in 1991 due to their antidilutive effect.

Net income (loss) is reduced (increased) by preferred stock dividend accrued during the quarter ended March 31, 1991, for purposes of calculating earnings (loss) per common share (see Exhibit 11).

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Three Months Ended March 31, 1992 Compared to March 31, 1991

RESULTS OF OPERATIONS

The Company reported revenues from the operation of its diagnostic imaging centers for the three months ended March 31, 1992 of approximately $9,715,000 compared to approximately $10,215,000 for the three months ended March 31, 1991, representing a decrease of approximately 5%. The decrease in reported revenues of approximately $500,000 is due primarily to the sale of four centers effective January 1992, (see "Liquidity and Capital Resources") and the expiration of operating agreements relating to five centers subsequent to March 31, 1991. This decrease of $1,500,000 relative to the nine centers was partially offset by revenues generated by two new centers ($300,000) which began operations subsequent to March 31, 1991, and increasing revenues generated by the majority of the Company's remaining centers ($700,000) which existed at March 31, 1991.

Expenses for operations, including provisions for profit distributions to the Company's joint venture partners, for the three months ended March 31, 1992, aggregated approximately $8,336,000 compared to approximately $8,888,000 for the three months ended March 31, 1991. This decrease of approximately $552,000 or 6% is due to the elimination of expenses at the nine centers discussed above. Approximately $1,100,000 of expenses relative to the nine centers was eliminated but was partially offset by approximately $548,000 of expenses primarily related to the Company's two new centers and maintenance costs incurred during 1992 for equipment at five centers which was under warranty during 1991.

The Company reported income from center operations of approximately $1,379,000 for the three months ended March 31, 1992 compared to approximately $1,327,000 for the three months ended March 31, 1991 representing an increase of 4%. This increase in income from center operations is due primarily to a net increase in income from center operations generated by the Company's mature centers which existed at March 31, 1991, substantially offset by the loss of center operating income from the nine centers discussed above.

For the three month period ended March 31, 1992, the Company reported corporate operating expenses of approximately $790,000 compared to corporate operating expenses of approximately $750,000 for the three month period ended March 31, 1991, an increase of approximately 5%. This increase of $40,000 is due primarily to an increase in marketing costs.

For the three months ended March 31, 1992, the Company reported net income of $100,000 compared to $74,000 for the same period in 1991. This increase of approximately $26,000 is the result of increased income from center operations and a reduction in net interest costs, partially offset by increased marketing costs. In order to continue its earnings growth, the Company must continue to expand either by the development of new centers or the acquisition of operating centers.

Net income per share for the three months ended March 31, 1992, was $0.01 per share compared to a net loss of $0.01 per share in 1991. This increase of $0.02 per share is primarily due the an accrual of a preferred stock dividend of $175,000 in 1991 which no longer exists in 1992. In February 1990, the Company issued 3,783,783 shares of its Series A Preferred Stock. In accordance with generally accepted accounting principles, the dividend associated with the Company's Series A Preferred Stock for the three months ended March 31, 1991, was subtracted from net income (loss) to arrive at adjusted net income (loss) available to common stockholders. As discussed below under "Liquidity and Capital Resources", dividends on the new Series B Preferred stock (which was exchanged for the Series A Preferred Stock in January 1992) could not be declared until April 1, 1992, and are non-cumulative. Since the Board of Directors has not declared a dividend for the quarter ended March 31, 1992, no dividend has been subtracted from net income to determine earnings per share for the three months ended March 31, 1992.

Liquidity and Capital Resources

Working capital decreased to approximately $7,190,000 at March 31, 1992, from approximately $7,459,000 at December 31, 1991, a decrease of approximately $269,000. This decrease of 4% is primarily due to maturing long-term obligations ($510,000), partially offset by net income of the Company ($100,000) and proceeds from the issuance of common stock ($140,000).

In April 1991, the Company's primary lender (i) agreed to restructure the repayment provisions of the Company's existing debt and lease obligations to provide, among other things, that the Company defer two months principal, interest and lease payments until the termination of each contract, (ii) committed to a new credit facility which would provide for additional borrowings of up to $1,200,000 to meet the Company's working capital needs, and (iii) amended certain financial covenants to align with the Company's current operating status. In August 1991, the Company completed the $1,200,000 line of credit facility with its primary lender. As of March 31, 1992, the Company had borrowed $850,000 under this facility.

In August 1990, the Company gave notice to Elekta Instruments, Inc. ("Elekta") and Rhode Island Hospital of its intent to terminate the Company's respective agreements with such parties to purchase a Leksell Gamma Unit and establish a Gamma Knife center on the campus of Rhode Island Hospital. The Company terminated such agreements due to the hospital's inability to obtain Certificate of Need approval from the State of Rhode Island for the project. The Company had borrowed approximately $2,000,000 from its primary lender for the purchase of the Rhode Island equipment. Instead of refunding amounts paid by the Company to Elekta toward the purchase of the Rhode Island equipment, Elekta applied such funds to the purchase price of the Maryland Gamma Knife. The Company paid Elekta $450,000 and Cal Kovens, a director and the holder of a majority of the Company's Series B Preferred Stock, has guaranteed the Company's letter of credit to Elekta ($250,000) relating to the balance due on acceptance of the Maryland Gamma Knife. The Company has entered into a five year site improvement loan for approximately $1,000,000 with a construction company and has received a financing commitment from its primary lender for a seven year equipment loan ($2,700,000) related to the Maryland Gamma Knife. The Company is currently in the final stages of completing documentation of the equipment loan. Management believes the documentation will be finalized prior to the center opening in the second quarter of 1992. However, if the financing commitment is not consummated, the Company will be required to find an alternative source of repayment for the $2,000,000 loan discussed above.

In February 1992, the Company purchased a second Gamma Knife to be located in California and made a deposit toward the purchase of a third Gamma Knife to be located at a still undetermined site. The Company received non-recourse interim financing of $2,000,000 toward the acquisition of the second Gamma Knife and the deposit for the third Gamma Knife from Mr. Kovens, and is currently seeking permanent financing in the amount of approximately $8,000,000 to replace the interim financing, to finance the acquisition of the third Gamma Knife and to cover the cost of site improvements and working capital for the second and third Gamma Knife centers. The interim financing was borrowed from Mr. Kovens pursuant to the terms of a non-recourse promissory note secured by the second Gamma Knife and due August 24, 1992. In addition, the Company is required to make certain interim payments to Elekta for the purchase of the third Gamma Knife commencing in June 1992 and a final payment is due upon acceptance of the second Gamma Knife in the fourth quarter of 1992. If the Company is unable to secure the necessary permanent financing by June 1992, the Company would be unable to complete the establishment of the second and third Gamma Knife centers. The Company believes that it will be successful in obtaining such permanent financing, but there can be no assurance that such financing will be available on terms reasonably acceptable to the Company. In addition, while the promissory note held by Mr. Kovens is due in August 1992, Mr. Kovens has indicated that to the Company that if permanent financing has not been obtained by such time, he would extend the term of the note until such financing is secured.

In February 1992, the Company announced that it had entered into a letter of intent with its primary supplier (G.E.) of diagnostic imaging equipment for the purchase of approximately $32,000,000 of its lease agreements and related equipment and the extension of a $6,000,000 non-revolving line of credit to finance corporate growth in connection with the acquisition, development and improvement of its diagnostic imaging business. Pursuant to the terms of the letter of intent, on May 19, 1992, the Company entered into a definitive loan and security agreement relating to the $6,000,000 non-revolving line of credit. In addition, on May 19, 1992, the Company also entered into an amendment to its leases at 17 centers to provide for lease payments to be deferred during each of the six months ended September 30, 1992. These deferred payments will be repaid during the remaining life of the respective leases, ranging from one to seven years. In consideration of the extension of the non-revolving line of credit and the amendment, the Company has issued a warrant to G.E. to purchase up to an aggregate of 1,678,944 shares of the Company's outstanding common stock, subject to adjustment in certain circumstances. Fifty percent (50%) of such shares will be exercisable three years after the date of issuance. The remaining fifty percent (50%) of such shares will be exercisable incrementally as advances are made under the non-revolving line of credit but no earlier than three years after the date of issuance. The Company and G.E. are still negotiating the transaction for the purchase of the leases and related equipment, subject to approval of the Company's primary lender. However, there can be no assurance that such a transaction will be consummated with the approval of the Company's primary lender.

Approval of the Company's primary lender and G.E., is required for any advances under the non-revolving line of credit. There can be no assurance that the Company's primary lender or G.E. will approve any such advances in connection with the acquisition or development of new centers or the improvement of existing centers.

Effective January 31, 1992, the Company entered into an asset purchase agreement with Maxum Health Services Corp. ("Maxum") pursuant to which the Company sold four MRI networks which the Company operated in the northern Indiana area which consisted of nine hospitals. The Company received $170,000 in the form of cash and a $95,000 promissory note which is payable in 13 monthly installments commencing in March 1992. In addition, the third party assumed the lease obligations of the Company related to equipment used on three of the routes. The Company cancelled its lease agreement related to the fourth route.

Effective January 1, 1992, the Company terminated its contract with a hospital related to one of its centers. In consideration for terminating the contract, the hospital paid the Company approximately $380,000 and assumed the existing equipment lease.

As of May 19, 1992, the Company has utilized all available amounts under its $1,200,000 credit facility. The Company believes that cash flow from its operating centers will be sufficient to fund continuing operations at the present level. Consummation of the amendment to the G.E. leases described above will provide significant additional net working capital (approximately $500,000 per month during each of the six months ending September 30, 1992) as a result of a reduction in its monthly equipment cash flow at 17 centers. Although, commencing October 1, 1992, the lease payments will increase to reflect repayment of the six month deferral through the end of each such lease, the Company believes that cash flow from its operating centers will be sufficient to fund its continuing operations.

Subject to the limitations described above, including Philips' approval for each advance under the non-revolving line of credit, the Company expects to finance the development and other start-up costs and the costs of equipment and site improvements at any new diagnostic imaging centers through the non-revolving line of credit, financing arrangements with the manufacturers of the equipment utilized at such centers and other financing sources utilized by the Company including the Company's primary lender. The ability of the Company to establish such centers and continue to expand operations is dependent upon the availability of financing on terms reasonably acceptable to the Company. The Company believes that new centers will become cash positive, on average, within their third quarter of operation.

Dividends on the Series B Preferred Stock were not declarable until April 1, 1992, and will be non-cumulative so long as the Series B Preferred Stockholders control a majority of the Board of Directors of the Company. In addition, any dividends declared on the Series B Preferred Stock may be paid in cash or shares of common stock at the discretion of the Board of Directors. No dividend has been declared by the Board of Directors for the quarter ended March 31, 1992.

The Company accounts for income taxes using the liability method in accordance with Statement of Financial Accounting Standard No. 96, Accounting for Income Taxes ("FAS No. 96"). On February 10, 1992, the Financial Accounting Standards Board issued FAS No. 109 which supersedes FAS No. 96. The Company will be required to adopt FAS No. 109 no later than fiscal 1993. The Company is currently analyzing the impact on its financial statements, however, at this time the impact of the statement has not been determined. Management does not believe the impact will be material.

Inflation has not had a significant impact on the Company's operations and, in management's opinion, based upon current trends will not have an adverse impact on operations in the near future.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits.

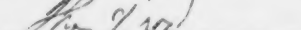
Exhibit Number	Description and Reference
Exhibit 11	Statement of Computation of Per Share Earnings, filed herewith.

(b) Reports on Form 8-K. During the quarter ended March 31, 1992, the Company did not file any current report on Form 8-K with the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereto duly authorized.

American Health Services Corp.
(Registrant)



Thomas V. Croal,
Vice President
Chief Financial Officer

E. Larry Atkins,
President
Chief Executive Officer

Date: May 19, 1992

AMERICAN HEALTH SERVICES CORP.
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1992
EXHIBIT INDEX

Exhibit Number	Description and Reference	Sequentially Numbered Page
Exhibit 11	Statement of Computation of Shares Per Share Earnings, filed herewith.	19

EXHIBIT 11 -- STATEMENT OF COMPUTATION OF PER SHARE EARNINGS.

Earnings per share for the three months ended March 31, 1992 and 1991 is calculated as follows:

	Three Months Ended March 31	
	1992	1991
	(Unaudited)	
Net income	$ 100,126	$ 74,224
Less:		
Dividends accrued on preferred shares	-	175,000
Adjusted net income	$ 100,126	$ (100,776)
Weighted average number of common shares outstanding	9,738,057	9,259,060
Weighted average number of common equivalent shares outstanding as a result of stock options and warrants	829,013	-
Convertible preferred stock	3,783,783	-
Total weighted average number of common and common equivalent shares outstanding	14,350,853	9,259,060
EARNINGS (loss) PER SHARE	$0.01	$(0.01)